1Q17

Earnings Release

BancoVotorantim

Contents

São Paulo, May 11, 2017. Banco Votorantim S.A. ("Bank") announces its results for the first quarter of 2016 (1Q17). All financial information herein, except where indicated otherwise, is presented in nominal Brazilian Reais, based on consolidated numbers, and in accordance with the Brazilian GAAP (BRGAAP) accounting standards and the Brazilian Corporate Law.

Message from the CEO

In 1Q17, we continued to focus on the quality of the services rendered and on operational efficiency. The net income for the quarter confirms the consistent trajectory of Banco Votorantim's results. The main highlights of the period were:

- **Net income of R$ 127 million**, against R$ 119 million in 4Q16 and R$ 86 million in 1Q16.

- **Consistent revenue generation.** The net interest income (NII) grew 3.5% in 1Q17/4Q16, increasing the net interest margin (NIM) to 5.1%, against 4.9% in the previous quarter. In relation to 1Q16, the NII reduction was partially offset by growth in fee/banking fees and insurance income. The Net Financial Margin grew both in relation to 4Q16 and 1Q16, as a result of the decrease in Allowance for Loan Losses (ALL) expenses.

- **Maintenance of conservative approach to credit.** The expanded credit portfolio closed Mar.17 at R$ 60.0 billion, a decrease of 3.2% in 12 months, and of 1.5% in 1Q17, reflecting the conservatism in credit concession and the focus on ensuring the quality and profitability of new vintages. In the last 12 months, the Consumer Finance portfolio grew 1.6%, to R$ 34.0 billion, while the Wholesale portfolio decreased 14.9%, to R$ 12.9 billion.

- **Drop in delinquency.** The 90-day NPL ratio of the loan portfolio ended Mar.17 at 4.5%, 1.0 p.p. lower than in Dec.16. The 90-day NPL ratio of the Consumer Finance portfolio decreased to 5.2% in Mar.17, a result of the improvement in the quality of the portfolio of Vehicles, whose 90-day NPL ratio reduced 0.5 p.p. in the last 12 months, while the average market index (source Bacen) grew 0.1 p.p. in the same period. In Wholesale, delinquency went down to 2.6% in the end of Mar.17, in view of 5.6% in Dec.16, mainly reflecting write-offs.

- **Control of the cost base.** Administrative and personnel[1] expenses decreased 25.6% in 1Q17, and 9.8% compared to 1Q16, due to lower expenses with labor lawsuits. As a result of a strict control of costs, our Efficiency ratio for the last 12 months had an improvement, decreasing to 38.1% against 38.8% in Mar.16.

In addition, we have maintained our conservative approach in the management of funding, liquidity and capital, enhancing the quality of our credit risk. In Mar.17, funding sources through Bills (financing bills, agribusiness credit bills and real estate credit bills) and credit assignments (with recourse) to Banco do Brasil represented over half (R$ 33.4 billion) of our funding, contributing to extend the average term of our liabilities. In terms of liquidity, we ended Mar.17 with a cash position more than sufficient to fully cover our funding with daily liquidity. Regarding capital, the Basel Ratio ended Mar.17 at 13.2% – above the regulatory minimum capital of 10.5% – and with Tier I Capital ratio of 10.1%, composed entirely of Common Equity Tier 1.

In 2017, we will keep moving forward to boost the profitability of existing and new businesses, increase operational efficiency, and also diversify our revenues.

1. Does not include profit sharing, and includes labor lawsuits.

Corporate Strategy

Banco Votorantim aims to consolidate its position among the main national privately-held banks, leveraging synergies with Banco do Brasil (BB) shareholder. For this purpose, the Bank has a diversified portfolio of Wholesale Bank, Wealth Management and Consumer Finance businesses, with clearly defined objectives.

Wholesale Bank Businesses (Corporate Bank)

By means of long-term, commercial and agile relationships, and efficient capital management (risk/return ratios), the Corporate provides integrated financial solutions adequate to its clients' needs. With a diversified product portfolio, the segment's goal is to grow in companies with annual revenue from R$ 300 million to R$ 1.5 billion, increasing spread and cross-selling. In the Large Corporate segment – companies with annual revenue above R$ 1.5 billion – the focus is to increase the profitability, especially through unfunded products (guarantees) and BNDES onlendings.

Wealth Management Business (VWM&S)

To develop and provide the best solutions for estate planning in a sustainable manner is part of VWM&S's mission, which has well established objectives for the two different markets where it operates:

- **Asset Management:** to be recognized for its consistent performance and for developing solutions appropriate to the clients' needs by means of its innovative and differentiated capacity for restructuring and managing products that have a high added value. Votorantim Asset Management (VAM) holds an important position within its peer group (Assets without branch network structure) and has been expanding its partnership with BB structure, management, administration and distribution of investment funds;

- **Private Bank:** to consolidate its position among the best private banks in the market, by expanding its operations in estate planning integrated by means of differentiated solutions.

Consumer Finance Business

- **Auto finance loans:** to remain among the leaders in auto finance loan through BV Financeira, a subsidiary of Banco Votorantim. BV Financeira concentrates its operations on used vehicle finance (multi-brand dealers), a segment in which has a history of market leadership and acknowledged expertise.

- **Payroll loans:** to maintain an important position in the market of payroll loans, focusing on INSS – National Institute of Social Security (refinancing of portfolio) and Private categories (portfolio growth). In addition, has advanced in Promotiva S.A., a subsidiary of Banco Votorantim that operates in the origination of payroll loans outside the branches of Banco do Brasil directly to the shareholder.

- **Credit cards:** to grow organically by exploring the current customer base of auto finance loans and through commercial partnerships.

- **Insurance:** to increase insurance brokerage revenues (e.g.: auto and credit insurance), diversifying the portfolio and leveraging the Consumer Finance customer base.

- **Other businesses:** to diversify sources of income through businesses such as individual loans, student loans, and CrediCasa (home equity), as well as the Promotiva S.A.. In addition, the Bank will continue to explore new business opportunities in partnership with the stockholder BB, leveraging its competence in asset origination and management of banking correspondents.

Throughout the next quarters, the Bank will continue advancing in the implementation of its strategic plan, which is based on three key elements: boost of the profitability of current and new businesses, increase of operational efficiency, and diversify revenues.

Key Information

	1Q16	4Q16	1Q17	Variation 1Q17/4Q16	Variation 1Q17/1Q16
RESULTS (R$ Million)					
Net Interest Income (a)	1,273	1,114	1,153	3.5%	-9.4%
Alowance for loan losses - ALL (b)	(508)	(623)	(368)	-40.9%	-27.5%
Net Financial Margin (a - b)	765	492	785	59.7%	2.7%
Income from services and banking fees	257	321	290	-9.8%	13.0%
Personnel and administrative expenses	(556)	(674)	(501)	-25.6%	-9.8%
Operating Income (loss)	227	(84)	318	-	40.2%
Net Income (loss)	86	119	127	6.8%	47.8%
MANAGEMENT INDICATORS (%)					
Return on Average Equity[1] (ROAE)	4.5	5.8	6.2	0.4 p.p.	1.7 p.p.
Return on Average Assets[2] (ROAA)	0.3	0.5	0.5	0.0 p.p.	0.2 p.p.
Net Interest Margin[3] (NIM)	5.3	4.9	5.1	0.2 p.p.	-0.2 p.p.
Efficiency Ratio (ER) - accumulated of 12 months[4]	38.8	37.6	38.1	0.5 p.p.	-0.7 p.p.
Basel ratio	14.4	15.1	13.2	-1.9 p.p.	-1.2 p.p.
Tier I Capital Ratio	9.7	11.2	10.1	-1.0 p.p.	0.4 p.p.
MACROECONOMIC INDICATORS[5]					
CDI - in the period (%)	3.3	4.4	3.0	-1.4 p.p.	0.3 p.p.
Selic rate- end of the period (p.y.%)	14.25	13.75	12.25	-1.5 p.p.	-2.0 p.p.
IPCA - in the period (%)	2.6	0.7	1.0	0.3 p.p.	-1.6 p.p.
Dolar exchange rate - end of the period (R$)	3.56	3.26	3.17	-2.8%	-11.0%
EMBI Brazil Risk (points)	409	328	270	-58 p.p.	-139 p.p.

	Mar.16	Dec.16	Mar.17	Variation Mar.17/Dec.16	Variation Mar.17/Mar.16
BALANCE SHEET (R$ Million)					
Total assets	109,307	102,998	104,166	1.1%	-4.7%
Loan portfolio (on-balance)	48,663	47,620	46,931	-1.4%	-3.6%
Wholesale segment	15,191	14,161	12,932	-8.7%	-14.9%
Consumer Finance segment	33,472	33,459	33,998	1.6%	1.6%
Guarantees provided	7,846	7,824	7,985	2.1%	1.8%
Expanded credit Portfolio	61,963	60,880	59,980	-1.5%	-3.2%
Funding sources	72,307	67,343	64,073	-4.9%	-11.4%
Shareholders' equity	8,080	8,426	8,358	-0.8%	3.4%
Capital (Basel ratio)	9,742	9,219	8,010	-13.1%	-17.8%
LOAN PORTFOLIO QUALITY INDICATORS[6] (%)					
90-day NPL / Managed loan portfolio	4.6	5.5	4.5	-1.0 p.p.	-0.1 p.p.
Allowance for loan losses / 90-day NPL	145	140	153	13.4 p.p.	7.9 p.p.
Allowance for loan losses / D - H balance	70.9	65.9	63.6	-2.3 p.p.	-7.4 p.p.
Allowance for loan losses / Managed loan portfolio	6.7	7.7	6.9	-0.8 p.p.	0.2 p.p.
OTHER INFORMATION					
AuM[7] (R$ Million)	51,154	53,753	55,262	2.8%	8.0%

1 Ratio between net income and average equity of the period. This ratio is annualized;
2. Ratio between net income and average assets of the period. This ratio is annualized;
3. Ratio between net interest income and average interest-earning assets of the period. This ratio is annualized;
4. ER = administrative and personnel expenses / (net interest income+fee income/ banking fees income + equity in income from subsidiares +other operational income and expenses);
5. Source: Cetip; Bacen; IBGE;
6. Includes balance of credit assignments with recourse to Financial Institutions and credit assigments to FIDCs up to Dec.11(before Resolution 3,533/Bacen)
7. Includes onshore funds (ANBIMA criteria) and private clients' resources.

Managerial Statement of Income

In order to enable a better understanding, comparison and analysis of the Bank's results and the performance of its businesses, the explanations contained in this report are based on the Managerial Statement of Income, which considers certain managerial reallocations made in the audited Statement of Income. These reallocations basically refer to:

- Income from credit recovery written-off to loss, recorded in "Revenues from loans" and reallocated to "Allowance for Loan Losses";
- Expenses with allowance for loan losses characteristics recorded in "Other Operating Income (Expenses)", which were reallocated to "Allowance for Loan Losses"; and
- Fiscal and tax effects of the hedge in relation to foreign exchange rates for overseas investments, which are recorded in "Tax Expenses" (PIS and Cofins) and "Income Tax and Social Contribution", and that were also reallocated to "Derivative Financial Instruments".

In 1Q17, the criterion for managerial reallocation of tax effects of the hedge of investments abroad was reviewed. Thus, the history was adjusted to allow comparability between periods.

The management strategy of the foreign exchange risk of capital invested abroad is intended to avoid effects resulting from foreign exchange variation on income. For this purpose, foreign exchange risk is neutralized using derivative financial instruments so investments are remunerated in Reais.

Reconciliation of Audited and Managerial Net Income – 4Q16 and 1Q17

INCOME STATEMENT (R$ Million)	4Q16 Audited	Adjustments	4Q16 Managerial	1Q17 Audited	Adjustments	1Q17 Managerial
Income from financial intermediation	**3,780**	**(254)**	**3,526**	**3,584**	**(161)**	**3,423**
Loans[1]	2,598	(262)	2,335	2,347	(121)	2,226
Leases	5	-	5	5	-	5
Securities	1,156	-	1,156	1,180	-	1,180
Derivative financial instruments	(11)	8	(3)	46	(40)	6
Foreign exchange operations	23	-	23	(2)	-	(2)
Compulsory deposits	9	-	9	8	-	8
Expenses from financial intermediation	**(2,411)**	**-**	**(2,411)**	**(2,270)**	**-**	**(2,270)**
Money market borrowings	(1,923)	-	(1,923)	(1,844)	-	(1,844)
Borrowings and onlendings	(79)	-	(79)	(15)	-	(15)
Sale or transfer from financial assets	(409)	-	(409)	(411)	-	(411)
Net interest income - NII	**1,369**	**(254)**	**1,114**	**1,314**	**(161)**	**1,153**
Allowance for loan losses - ALL	(1,071)	448	(623)	(477)	109	(368)
Net financial margin	**298**	**194**	**492**	**837**	**(51)**	**785**
Other operating income/expenses	**(386)**	**(190)**	**(576)**	**(477)**	**10**	**(467)**
Fee income	321	-	321	290	-	290
Personnel and administrative expenses	(674)	-	(674)	(501)	-	(501)
Tax expenses	(94)	(0)	(95)	(92)	4	(88)
Equity in income of subsidiaries	50	-	50	58	-	58
Other operating income/expenses	11	(190)	(179)	(232)	6	(226)
Operating income (loss)	**(88)**	**4**	**(84)**	**360**	**(42)**	**318**
Non-operating income (loss)	**(8)**	**-**	**(8)**	**(16)**	**-**	**(16)**
Income (loss) before taxes and contributions	**(96)**	**4**	**(92)**	**344**	**(42)**	**302**
Provision for income tax and social contribution	234	(4)	231	(177)	42	(135)
Profit sharing	(19)	-	(19)	(39)	-	(39)
Net income (loss)	**119**	**-**	**119**	**127**	**-**	**127**

1.Includes income from loan assets assigned with recourse under Resolution 3,533

Reconciliation of Audited and Managerial Net Income – 1Q16 and 1Q17

INCOME STATEMENT (R$ Million)	1Q16 Audited	Adjustments	1Q16 Managerial	1Q17 Audited	Adjustments	1Q17 Managerial
Income from financial intermediation	**3,363**	**272**	**3,634**	**3,584**	**(161)**	**3,423**
Loans[1]	2,593	(141)	2,452	2,347	(121)	2,226
Leases	10	-	10	5	-	5
Securities	834	530	1,364	1,180	-	1,180
Derivative financial instruments	124	(117)	7	46	(40)	6
Foreign exchange operations	(201)	-	(201)	(2)	-	(2)
Compulsory deposits	3	-	3	8	-	8
Expenses from financial intermediation	**(2,362)**	**-**	**(2,362)**	**(2,270)**	**-**	**(2,270)**
Money market borrowings	(1,853)	-	(1,853)	(1,844)	-	(1,844)
Borrowings and onlendings	263	-	263	(15)	-	(15)
Sale or transfer from financial assets	(771)	-	(771)	(411)	-	(411)
Net interest income - NII	**1,001**	**272**	**1,273**	**1,314**	**(161)**	**1,153**
Allowance for loan losses - ALL	(109)	(399)	(508)	(477)	109	(368)
Net financial margin	**892**	**(127)**	**765**	**837**	**(51)**	**785**
Other operating income/expenses	**(542)**	**4**	**(538)**	**(477)**	**10**	**(467)**
Fee income	257	-	257	290	-	290
Personnel and administrative expenses	(556)	-	(556)	(501)	-	(501)
Tax expenses	(96)	13	(83)	(92)	4	(88)
Equity in income of subsidiaries	43	-	43	58	-	58
Other operating income/expenses	(189)	(9)	(199)	(232)	6	(226)
Operating income (loss)	**350**	**(123)**	**227**	**360**	**(42)**	**318**
Non-operating income (loss)	**(0)**	**-**	**(0)**	**(16)**	**-**	**(16)**
Income (loss) before taxes and contributions	**350**	**(123)**	**227**	**344**	**(42)**	**302**
Provision for income tax and social contribution	(226)	123	(102)	(177)	42	(135)
Profit sharing	(38)	-	(38)	(39)	-	(39)
Net income (loss)	**86**	**-**	**86**	**127**	**-**	**127**

1. Includes income from loan assets assigned with recourse under Resolution 3,533

Analysis of Managerial Result

In 1Q17, Banco Votorantim recorded net income of R$ 127 million, against R$ 119 million in 4Q16 and R$ 86 million in 1Q16. The 6.8% growth in the quarterly result was mainly influenced by (i) the increase in Net Interest Income (NII), (ii) the decrease in expenses with allowance for loan loss expenses (ALL), and (iii) lower personnel and administrative expenses.

INCOME STATEMENT (R$ Million)	1Q16 Managerial	4Q16 Managerial	1Q17 Managerial	Variation (%) 1Q17/4Q16	Variation (%) 1Q17/1Q16
Net interest income - NII	**1,273**	**1,114**	**1,153**	**3.5**	**(9.4)**
Allowance for loan losses - ALL	(508)	(623)	(368)	(40.9)	(27.5)
Net financial margin	**765**	**492**	**785**	**59.7**	**2.7**
Other operating income/expenses	**(538)**	**(576)**	**(467)**	**(18.9)**	**(13.2)**
Fee income	257	321	290	(9.8)	13.0
Personnel and administrative expenses	(556)	(674)	(501)	(25.6)	(9.8)
Tax expenses	(83)	(95)	(88)	(7.1)	6.6
Equity in income of subsidiaries	43	50	58	16.9	36.9
Other operating income/expenses	(199)	(179)	(226)	26.5	13.8
Operating income (loss)	**227**	**(84)**	**318**	**-**	**40.2**
Non-operating income (loss)	**(0)**	**(8)**	**(16)**	**-**	**-**
Income (loss) before taxes and contributions	**227**	**(92)**	**302**	**-**	**33.2**
Provision for income tax and social contribution	(102)	231	(135)	-	32.3
Profit sharing	(38)	(19)	(39)	-	2.6
Net income (loss)	**86**	**119**	**127**	**6.8**	**47.8**

Net Interest Income (NII)

NII totaled R$ 1,153 million in 1Q17, presenting increase of 3.5% in relation to prior quarter, even considering retraction of 1.5% in expanded credit portfolio, due to the focus on business profitability. In the 1Q17/1Q16 comparison, the 9.4% reduction in NII shows the conservativeness in loan concession and moderation of demand, but it is worth emphasizing that such reduction was partially offset by the better performance with fee/banking fees and insurance income, with a growth of 18.8% in the period (see table on page 9).

As part of its market risk management strategy, the Bank regularly enters into derivative transactions to protect the NII of the oscillation in values subjected to risks related to foreign currencies, indices and interest rates. That is, the impact of changes in interest rates, exchange rates and indexes is largely offset by the use of derivatives, protecting NII.

The annualized net interest margin (NIM) remained at 5.1% p.y. in 1Q17, 0.2 p.p. greater than in 4Q16 due to the decrease in the average balance of earning assets.

NET FINANCIAL MARGIN (R$ Million)	1Q16	4Q16	1Q17	Variation (%) 1Q17/4Q16	Variation (%) 1Q17/1Q16
Net Interest Income	**1,273**	**1,114**	**1,153**	**3.5**	**(9.4)**
Allowance for loan losses	(508)	(623)	(368)	(40.9)	(27.5)
Wholesale	(159)	(252)	(55)	(78.1)	(65.4)
Consumer Finance	(348)	(370)	(313)	(15.5)	(10.2)
Net Financial Margin	**765**	**492**	**785**	**59.7**	**2.7**

Allowance for loan losses (ALL)

Allowance for loan losses expenses – net of income from credit recovery previously written off to loss – decreased 40.9% in relation to 4Q16 and 27.5% in relation to 1Q16, with a decrease verified in the Consumer Finance and Wholesale. Such decreases are mainly related to the positive results of the continuous improvement of loan and credit collection policies, processes and models, keeping portfolio quality indicators under control.

NET FINANCIAL MARGIN (R$ Million)	1Q16	4Q16	1Q17	Variation (%)	
				1Q17/4Q16	1Q17/1Q16
Net Interest Income	**1,273**	**1,114**	**1,153**	**3.5**	**(9.4)**
Allowance for loan losses	(508)	(623)	(368)	(40.9)	(27.5)
Wholesale	(159)	(252)	(55)	(78.1)	(65.4)
Consumer Finance	(348)	(370)	(313)	(15.5)	(10.2)
Net Financial Margin	**765**	**492**	**785**	**59.7**	**2.7**

Income from Services

The fee income/banking fees income totaled R$ 290 million for 1Q17, a 9.8% reduction as compared to 4Q16, mainly due to the decrease in commission from sales of securities. In the 1Q17/1Q16 comparison, there was an increase of 13.0% mainly due to the increase in revenues from file creation, evaluation of assets, and credit card income, whose portfolio growth in the last 12 months contributed to diversify the revenue generation.

It is worth emphasizing that the total volume of fee/banking fees and insurance income grew 18.8% compared to 1Q16, partially offsetting the 9.4% reduction observed in NII on the same basis of comparison.

INCOME FROM SERVICES[1] (R$ Million)	1Q16	4Q16	1Q17	Variation (%)	
				1Q17/4Q16	1Q17/1Q16
Master file registration	71	89	92	3.3	29.3
Appraisal of assets	45	61	62	0.6	38.0
Credit cards	41	47	48	3.1	18.8
Income from guarantees provided	36	32	31	(0.4)	(13.6)
Management of investment funds	23	31	28	(9.9)	21.1
Commisions on placing of securities	17	29	5	(83.8)	(72.0)
Other[2]	24	32	23	(27.5)	(0.5)
Total Income From Services	**257**	**321**	**290**	**(9.8)**	**13.0**
Total Income From Services and Insurance[3]	**311**	**385**	**369**	**(4.2)**	**18.8**

1 Includes banking fee; 2. Includes brokerage fees from Stock Exchange operations, commissions from insurance brokerage, and income from credit cards annuities;
3. Insurance brokerage revenues of Votorantim Corretora de Seguros, whose results are recognized using the equity method.

Note that the Bank has expanded the trading of insurance, such as Credit Insurance and Auto Insurance, whose revenues totaled R$ 79 million in the 1Q17, against R$ 54 million on 1Q16. Sales are handled through the subsidiary Votorantim Corretora de Seguros (VCS), and the result of this operation is recognized under the equity method of accounting.

Personnel expenses

Personnel expenses totaled R$ 245 million in 1Q17, a decrease of 33.8% compared to 4Q16, and 18.1% in relation to 1Q16, mainly due to lower expenses with labor lawsuits.

The Bank closed Mar.17 with 3,839 employees, not counting statutory personnel and interns, compared to 3,936 in Dec.16.

PERSONNEL EXPENSES (R$ Million)	1Q16	4Q16	1Q17	Variation (%) 1Q17/4Q16	1Q17/1Q16
Fees	(5)	(4)	(4)	(16.2)	(26.9)
Benefits	(31)	(33)	(29)	(13.8)	(9.2)
Social Charges	(60)	(45)	(74)	64.2	24.3
Salaries	(111)	(152)	(91)	(40.5)	(18.0)
Training	(0)	(1)	(0)	(48.2)	16.6
Subtotal	**(207)**	**(236)**	**(198)**	**(16.2)**	**(4.6)**
Labor lawsuits	(92)	(134)	(47)	(64.8)	(48.7)
Total Personnel Expenses[1]	**(299)**	**(370)**	**(245)**	**(33.8)**	**(18.1)**

1 Excludes profit sharing expenses.

Administrative expenses

Administrative expenses are under control, presenting a decrease of 15.8 compared to 4Q16, mainly due to lower expenses with Specialized technical services. In the 1Q17/1Q16 comparison, administrative expenses remained practically stable, despite inflation for the period.

ADMINISTRATIVE EXPENSES (R$ Million)	1Q16	4Q16	1Q17	Variation (%) 1Q17/4Q16	1Q17/1Q16
Rentals	(17)	(18)	(14)	(20.7)	(16.7)
Communication	(17)	(22)	(17)	(24.1)	(2.7)
Data processing	(41)	(54)	(49)	(8.5)	21.0
Services of the financial system	(26)	(22)	(24)	6.0	(8.3)
Specialized technical services	(86)	(100)	(82)	(18.1)	(4.8)
Judicial and Notary public fees	(24)	(28)	(21)	(25.3)	(12.1)
Other	(46)	(60)	(49)	(17.6)	7.5
Total Administrative Expenses	**(257)**	**(304)**	**(256)**	**(15.8)**	**(0.2)**

The Efficiency Ratio (ER) accumulated for the last 12 months closed Mar.17 at 38.1%, lower in relation to 38.8% in Mar.16, reflecting the ongoing efforts of effective management of costs and expenses.

EFFICIENCY RATIO (ER) (R$ Million)	1Q16	4Q16	1Q17	Var. 1Q17/4Q16
Total Personnel[1] and Administrative expenses (A)	**464**	**541**	**454**	**-16.0%**
Total Revenues (B)	**1,373**	**1,307**	**1,276**	**-2.4%**
Net Interest Income (NII)	1,273	1,114	1,153	3.5%
Income from Services and Banking Fees	257	321	290	-9.8%
Income from subsidiaries	43	50	58	16.9%
Other Operating Income/Expenses	(199)	(179)	(226)	26.5%
Efficiency Ratio (A/B) - period	**33.8%**	**41.4%**	**35.6%**	**-5.8 p.p.**
Efficiency Ratio - last 12 months	**38.8%**	**37.6%**	**38.1%**	**0.5 p.p.**

1 Excludes expenses with Labor Lawsuits and profit sharing expenses.

Other operating income and expenses

In 1Q17, other operating income and expenses totaled R$-226 million, compared to R$-179 million in the prior quarter and R$-199 million in 1Q16. This variation mainly reflects the increase in the costs associated with Consumer Finance production, due to the accounting of expenses with commissions paid to commercial partners, which from 2017 onwards is fully recognized as an expense, and no longer deferred - according to Circular Letter

3,738 issued by the Brazilian Central Bank. In 1Q17, there was also a one-off increase in expenses with civil contingencies.

OTHER OPERATING INCOME / (EXPENSES) (R$ MilLION)	1Q16	4Q16	1Q17	Variation (%)	
				1Q17/4Q16	1Q17/1Q16
Costs associated with the production	(138)	(128)	(160)	24.7	15.7
Reversal (provision) for contingent liabilities	(63)	(49)	(93)	88.9	47.5
Reversal (provision) for unhonored guarantees	(5)	(1)	(16)	-	-
Other	8	(1)	43	-	-
Total Other Operating Income/ (Expenses)	**(199)**	**(179)**	**(226)**	**26.5**	**13.8**

Loan Portfolio

In Mar.17, the consolidated loan portfolio classified by the Resolution No. 2,682 totaled R$ 46.9 billion, representing a decrease of 1.4% compared to Dec.16 and 3.6% in relation to Mar.16 due to the conservativeness of the loan concession and the focus on guaranteeing the quality and profitability of the new vintages, mainly in the Wholesale segment.

In Consumer Finance, the loan portfolio reached R$ 34.0 billion in Mar.17, 1.6% lower than in Mar.16 and Dec.16. It is worth mentioning the 27.2% growth in the credit card portfolio over the last twelve months, a result of the strategy on the diversification of the Bank's revenues.

The expanded credit portfolio of Wholesale, which includes guarantees provided and private securities, ended Mar.17 with a balance of R$ 26.0 billion, 5.2% lower than Dec.16 and 8.8% lower than Mar.16.

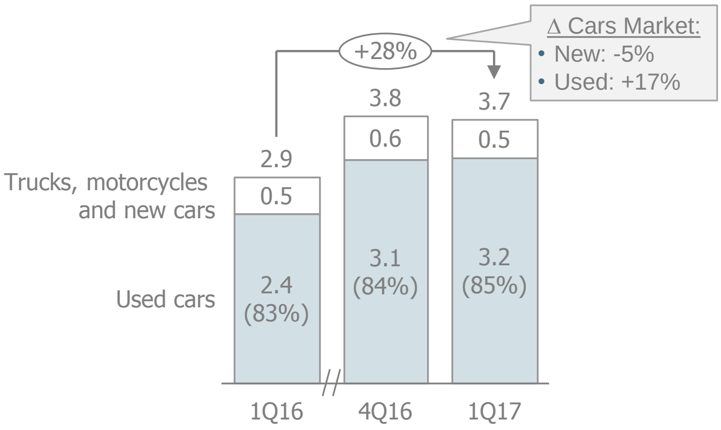
CREDIT PORTFOLIO (R$ Million)	Mar.16[1]	Dec.16	Mar.17	Variation (%)	
				Mar.17/Dec.16	Mar.17/Mar.16
Wholesale segment (a)	**15,191**	**14,161**	**12,932**	**(8.7)**	**(14.9)**
Consumer Finance segment (b)	**33,472**	**33,459**	**33,998**	**1.6**	**1.6**
Auto finance (direct credit and leasing)	27,698	28,171	28,838	2.4	4.1
Payroll loans	4,397	3,612	3,413	(5.5)	(22.4)
Credit Cards	1,306	1,597	1,661	4.1	27.2
Individual Loans and Home Equity	71	81	86	6.7	20.8
On-balance loan portfolio (a+b)	**48,663**	**47,620**	**46,931**	**(1.4)**	**(3.6)**
Guarantees provided (c)	7,846	7,824	7,985	2.1	1.8
Private securities (d)	5,455	5,436	5,064	(6.9)	(7.2)
Expanded credit portfolio (a+b+c+d)	**61,963**	**60,880**	**59,980**	**(1.5)**	**(3.2)**
Wholesale segment (a+c+d)	**28,492**	**27,421**	**25,981**	**(5.2)**	**(8.8)**
Consumer Finance segment (b)	**33,472**	**33,459**	**33,998**	**1.6**	**1.6**

1 Excludes the balance of R$ 136 million referring to assets assigned with recourse up to Dec.11, before Res. 3,533. This balance was zeroed in Dec.16.

Auto finance loans

In 1Q17, the Bank maintained its focus on the segment of used light vehicles, in which it has a history of leadership and recognized competence. The auto finance loan origination volume was R$ 3.7 billion in 1Q17, with 85% of used light vehicles

Volume of auto finance origination (R$B)



In the last years, the Bank has continuously refined the policies, processes and credit models of Consumer Finance, especially of the auto finance loan business.

In 1Q17, the Bank continued practicing shorter terms and requesting higher down payments in relation to 2010 and 2011 vintages. In 4Q10, for example, the average production period was 52 months and the average down payment percentage was 26%. In 1Q17, the average production period was 44 months and the average down payment percentage was 41%, as per the table below.

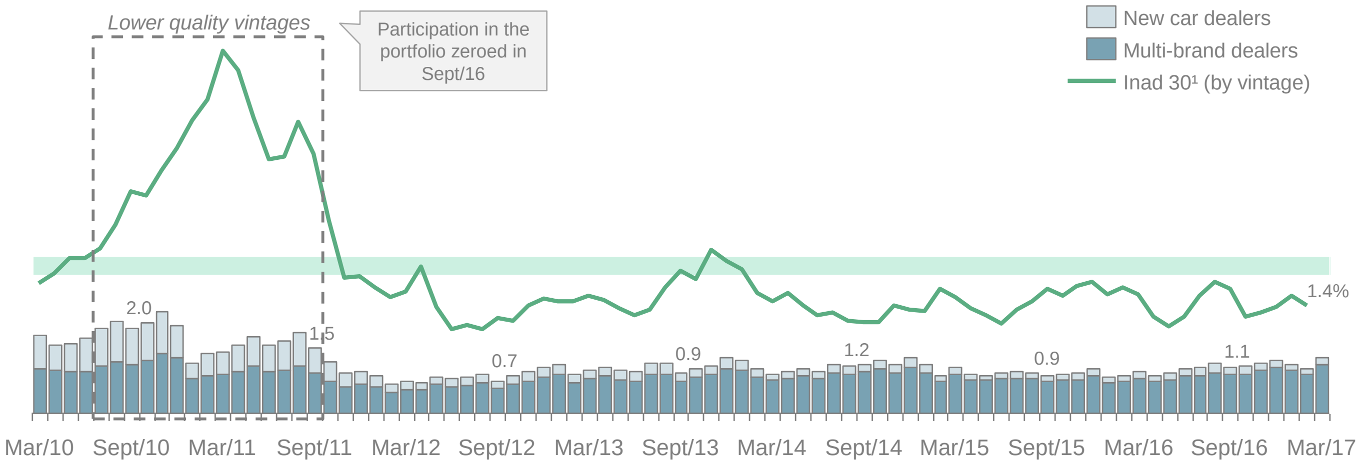
AUTO FINANCE - Origination	1Q16	4Q16	1Q17	Variation 1Q17/4Q16	Variation 1Q17/1Q16
Average rate (% per year)	29.8	26.4	25.6	-0.8 p.p.	-4.2 p.p.
Average term (months)	44	45	44	-1	0
Loan-to-Value (%)	58.6	58.6	58.9	0.3 p.p.	0.3 p.p.
Used cars/cars origination (%)	90.2	90.1	92.1	2.0 p.p.	1.9 p.p.

AUTO FINANCE - Loan Portfolio	Mar.16	Dec.16	Mar.17	Variation Mar.17/Dec.16	Variation Mar.17/Mar.16
Average rate[1] (% per year)	27.3	27.3	27.1	-0.2 p.p.	-0.2 p.p.
Maturity (months)	46	46	46	0	0
Loan-To-Value (%)	53.4	51.3	52.0	0.7 p.p.	-1.4 p.p.
Used cars/Auto finance portfolio (%)	86.2	87.6	88.2	0.6 p.p.	2.0 p.p.
Average vehicle age (years)	5	5	5	0	0

1 Rate calculated based on quarterly average portfolio

The combination of improvements in the credit processes and models and the prudence in the granting of loans has produced concrete results. Since 2011, the Bank has been originating auto finance loan with a quality standard above or equal to the historical average rate. The following chart shows the progress of the first installment delinquency indicator (known as “Inad 30” in Portuguese) for light vehicles, which shows, by vintage, the financing percentage with default in the payment of the first installment in excess of 30 days.

Light vehicles – Production by channel (R$B) and first-installment delinquency¹ (%)



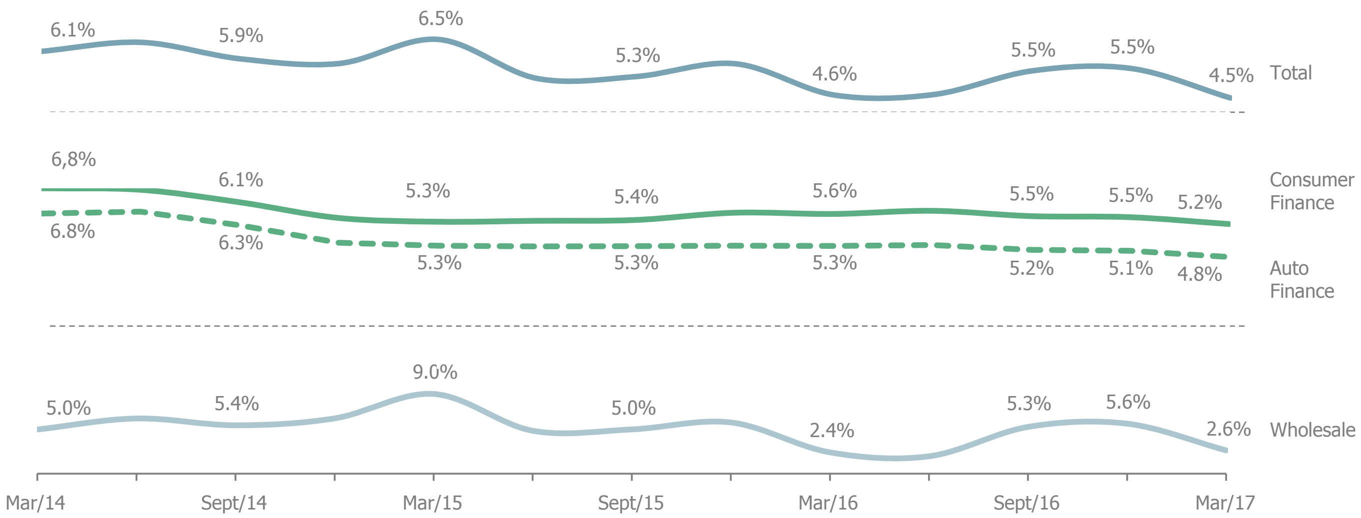
Payroll loan

The payroll loan portfolio, on its turn, totaled R$ 3.4 billion in Mar.17, 22.4% lower than in Mar.16. Such a downslide reflects the Bank's selective strategy of action in public agreements and on refinancing the INSS Payroll Loan portfolio.

Payroll Loans - Portfolio Composition (R$ Million)	Mar.16	Dec.16	Mar.17	Variation (%) Mar.17/Dec.16	Variation (%) Mar.17/Mar.16
Payroll Loans Total	**4,397**	**3,612**	**3,413**	**(5.5)**	**(22.4)**
INSS (retirees and pensioners)	2,981	2,417	2,278	(5.8)	(23.6)
Private	780	780	775	(0.7)	(0.7)
Public	636	415	360	(13.2)	(43.4)

Delinquency and Portfolio Quality

90-day NPL ratio/Managed portfolio (%)



Even despite the presence of a challenging macroeconomic scenario, the 90-day NPL ratio of the managed portfolio ended decreased to 4.5% Mar.17 against 5.5% in Dec.16 and 4.6% in Mar.16.

The delinquency of Consumer finance managed portfolio ended Mar.17 at 5.2%, compared to 5.5% in Dec.16 and 5.6% in Mar.16, due to the improvement in the quality of portfolio of Vehicles, whose 90-day NPL ratio reduced 0.5 p.p. in the last 12 months to 4.8%, the lowest level since Mar.11. It should be noted that the average market index (Bacen) increased 0.1 p.p. in the same period.

In Wholesale, delinquency was down to 2.6% in the end of Mar.17, in view of 5.6% in Dec.16 and 2.4% in Mar.16, mainly reflecting write-offs to losses.

MANAGED LOAN PORTFOLIO QUALITY INDICATORS (R$ Million, except where indicated)	**Mar.16**	**Dec.16**	**Mar.17**
Loan portfolio	48,663	47,620	46,931
90-day NPL/ Loan portfolio	4.6%	5.5%	4.5%
Write-off(a)	(1,215)	(469)	(926)
Credit recovery (b)	141	262	121
Net Loss (a+b)	(1,074)	(207)	(804)
Net Loss / Loan portfolio - annualized	9.1%	1.7%	7.0%
New NPL	546	540	408
New NPL / Loan portfolio[1] - quarter	1.1%	1.1%	0.9%
ALL balance[2]	3,271	3,684	3,245
ALL balance / Loan portfolio	6.7%	7.7%	6.9%
ALL balance / 90-day NPL	145%	140%	153%
ALL balance / D - H balance	70.9%	65.9%	63.6%
AA-C balance	44,188	42,026	41,829
AA-C balance / Loan portfolio	90.8%	88.3%	89.1%
ALL expenses / Loan portfolio	1.0%	1.3%	0.8%

1 (Δ NPL 90 balance + loans written-off to loss in the quarter) / Loan portfolio by the end of the immediately preceding quarter
2.Includes, in Mar.17, R$ 21M of "generic" credit provision recognized as Liabilities in the "Other" line (Note # 18d of 1Q17 Financial Statement)

The Coverage Ratio of operations past due over 90 days is still in a conservative level and closed Mar.17 at 153%, against 145% in Mar.16.

The New NPL, that considers the volume of loans that became default above 90 days in the quarter, was R$ 408 million in 1Q17, against R$ 540 million in 4Q16, which evidences the portfolio improvement. Thus, the New NPL/Portfolio dropped to 0.9%, compared to 1.1% in the prior quarter.

Loans classified between "AA-C" (best risk levels) according to Resolution 2,682 of the Brazilian Central Bank represented, at the end of Mar.17, 89.2% of the managed loan portfolio, against 88.3% in Dec.16.

CREDITS RENEGOTIATED - CHANGES (R$ Million)	**1Q16**	**4Q16**	**1Q17**
Initial Balance	**7,962**	**6,841**	**6,765**
Contracts	1,017	1,175	856
Amortization and Capitalized Interest	(1,684)	(1,142)	(855)
Write-off	(270)	(108)	(376)
Final Balance	**7,025**	**6,765**	**6,390**
Consumer Finance	**4,237**	**3,830**	**3,751**
Wholesale	**2,788**	**2,935**	**2,639**

The balance of renegotiated loans amounted to R$ 6,390 million in Mar.17, against R$ 6,765 in Dec.16. We point out that most of the active renegotiation portfolio is composed of operations renewed without delay – refinancing – mainly of the payroll loans' product.

Funding and Liquidity

The funding sources volume amounted to R$ 64.1 billion at the end of Mar.17, decrease of 11.4% in the last 12 months, a result of the decrease in loan portfolio. The following table shows the evolution of funding:

FUNDING SOURCES (R$ Billion)	Mar.16	Dec.16	Mar.17	Variation %	
				Mar.17/Dec.16	Mar.17/Mar.16
Debentures (BV Leasing)	**16.7**	**16.0**	**11.8**	**(26.3)**	**(29.7)**
Deposits	**4.5**	**4.6**	**7.4**	**62.3**	**65.4**
Time deposits	2.3	2.5	5.2	108.7	123.6
Deposits (on demand and interbank)	2.2	2.1	2.2	6.8	2.9
Bills	**17.5**	**20.5**	**22.0**	**7.6**	**25.9**
Financing bills	14.1	17.6	19.4	10.7	37.7
Agribusiness credit bills ("LCA") and Real estate credit bills ("LCI")	3.4	2.9	2.6	(11.0)	(23.3)
Borrowings and onlendings	**7.0**	**5.2**	**4.3**	**(17.3)**	**(38.8)**
Subordinated debts	**6.6**	**6.0**	**6.0**	**(1.0)**	**(9.9)**
Subordianted Financing bills	3.5	3.2	3.3	3.6	(5.0)
Others subordinated debts	3.2	2.9	2.7	(6.0)	(15.3)
Securities abroad	**3.3**	**1.3**	**1.1**	**(15.7)**	**(66.8)**
Securitization with recourses	**16.5**	**13.8**	**11.4**	**(16.9)**	**(30.8)**
Total funding	**72.3**	**67.3**	**64.1**	**(4.9)**	**(11.4)**

In recent quarters the Bank has maintained a conservative posture in relation to loan concession. In this context of lower demand for funding, the Bank has focused on the improvement of the profile of funding sources, expanded the share of more stable funding instruments, such as bills and assignment of receivables with recourse, which accounted for a half (R$ 33.4 billion) out of the total funding sources in Mar.17.

In 1Q17, it is worth mentioning the decrease in the balance of repos backed by BV Leasing debentures, reflecting the regulatory change introduced by Resolution 4,527, which will make it impossible to use debentures of lease subsidiaries in transactions involving repurchase agreements. As a substitute for this instrument, the Bank increased the volume of funding with bank deposit certificates (time deposit) and Financing Bills.

In relation to liquidity, the Bank has maintained its cash at a very conservative level enough to cover our funding with daily liquidity. Additionally, it is important to emphasize that the Bank has a committed credit facility at Banco do Brasil, in the amount of R$ 6.8 billion, which represents a significant liquidity reserve and that has never been used.

We point out that, in Oct.15 Bacen Circular Letter No. 3.749 became effective, establishing minimum limits of the indicator Liquidity Coverage Ratio (LCR), whose purpose is to measure the short-term liquidity of banks in a scenario of stress. It corresponds to the ratio between the inventory of High quality liquid assets (HQLA), proxy of Bank's cash and the total net cash outflows expected for a period of 30 days. In Mar.17, the minimum requirement of LCR was 80%, and it will reach 100% in 2019.

The table below shows that the balance of HQLA was R$ 12.2 billion in Mar.17, and the Management LCR of the Bank, which includes the credit facility with BB in the HQLA, was 270%.

Liquidity Coverage Ratio (LCR) (R$ Million)	4Q16	1Q17
Total high-quality liquid assets (HQLA)¹ (A)	13,155	12,247
Stand-by credit facility from BB (B)	6,800	6,800
Total cash outflows (C)	7,955	7,055
LCR (A/C)	**165%**	**174%**
Management LCR² (A+B/C)	**251%**	**270%**

1 Include a stand-by credit facility from BB; 2. Maily dueFederal public securities and bank reserves

Further details about the LCR may be found in the Report on Management of Risks and Capital at the website of RI: www.bancovotorantim.com.br/ri.

Capital

In Mar.17, the Prudential Conglomerate capital amounted to R$ 8,010 million, and risk-weighted assets amounted to R$ 60,872 million. Due to this, at the end of Mar.17 the Basel ratio was 13.2%, and the Tier 1 Capital index (which, for the Bank is equivalent to the Common Equity Tier 1) closed at 10.1%. The decrease in the ratio for the Mar.17/Dec.16 comparison is mainly due to (i) the reduction in risk-weighted assets (RWA) due to the decrease in exposure to credit risk, (ii) the reduction in capital due to the gradual implementation of prudential adjustments of Basel III, and (iii) decay of subordinated debts.

BASEL RATIO (R$ Million)	Mar.16	Dec.16	Mar.17
Total Capital	**9,742**	**9,219**	**8,010**
Tier I Capital	6,587	6,837	6,164
Common Equity Tier I	6,587	6,837	6,164
Additional Tier I	-	-	-
Tier II Capital	3,155	2,382	1,846
Risk Weighted Assets (RWA)	**67,714**	**61,207**	**60,872**
Credit risk	59,714	55,922	54,358
Market risk	1,984	670	1,363
Operational risk	6,016	4,615	5,151
Minimum Capital Requirement	**7,449**	**6,044**	**5,631**
Basel Ratio (Capital/RWA)	**14.4%**	**15.1%**	**13.2%**
Tier I Capital Ratio	9.7%	11.2%	10.1%
Common Equity Tier I Ratio	9.7%	11.2%	10.1%
Additional Tier I Ratio	-	-	-
Tier II Capital Ratio	4.7%	3.9%	3.0%

The Basel ratio was determined as Resolutions No. 4,192 and 4,193, that provide a new method for calculating minimum capital, Tier I capital and principal capital requirements. In 2017, the minimum reference equity requirement is 10.50%, including 1.25% for maintenance capital. For Tier I Capital, the minimum is 7.25% and for Common Equity Tier 1 it is 5.75%.

Schedule - Basel III	2015	2016	2017	2018	2019
Total Capital	**11.00%**	**9.88%**	**9.25%**	**8.63%**	**8.00%**
Tier I Capital	6.00%	6.00%	6.00%	6.00%	6.00%
Common Equity Tier I	4.50%	4.50%	4.50%	4.50%	4.50%
Additional TierI	1.50%	1.50%	1.50%	1.50%	1.50%
Tier II Capital	5.00%	3.88%	3.25%	2.63%	2.00%
Minimum Additional Capital Requirement	**-**	**0.63%**	**1.25%**	**1.88%**	**2.50%**
Maximum Additional Capital Requirement	**-**	**1.25%**	**2.50%**	**3.75%**	**5.00%**
CR + Minimum Additional Capital	**11.00%**	**10.50%**	**10.50%**	**10.50%**	**10.50%**
CR + Maximum Additional Capital	**11.00%**	**11.13%**	**11.75%**	**12.38%**	**13.00%**

Considering the current capital base, if the Basel III rules established by the Central Bank of Brasil were applied immediately and fully, the Tier I Capital Ratio would be 10.0% as of March 31, 2017, including the estimated tax credit consumption until 2019.

Ratings

Banco Votorantim is rated by international rating agencies and the ratings assigned reflect its operating performance, financial soundness and the quality of its management, in addition to other factors related to the financial sector and economic environment in which the company is operating, and the long-term rating in foreign currency is limited to sovereign rating.

The table below presents the ratings assigned by the main agencies:

RATINGS AGENCIES		Internacional		National	Brazil
		Local Currency IDR	Foreign Currency IDR	Local Currency IDR	Sovereign rating
Moody's	Long-Term	Ba2	Ba3	Aa3.br	Ba2
	Short-Term	NP	NP	BR-1	
Standard & Poor's	Long-Term	BB		brA+	BB
	Short-Term	B		brA-1	

In Mar.17, the Moody's rating agency revised Brazil's outlook from negative to stable, directly reflecting Banco Votorantim' s ratings: in addition to all ratings being affirmed, the outlook was changed to stable.

Standard & Poor's (S&P) rating agency also reaffirmed the ratings of Banco Votorantim in Mar.17, keeping the negative outlook due to the sovereign rating.

Corporate Governance

The current corporate governance model is continuously improved for more robustness and transparency and to ensure fast decision making, which is a characteristic quality of the Bank.

The Bank's governance is shared by the Votorantim Group shareholders and Banco do Brasil, both enjoying parity of participation in the Board of Directors and its advisory committees (Finance & Products and Marketing), and in the following three statutory bodies:

- Fiscal Council, which is an independent body created to supervise the administrative management acts;
- Audit Committee, a body whose duties include evaluating the effectiveness of the internal control system and of the internal and independent audits, besides reviewing and issuing an opinion on the quality of the financial statements; and
- Compensation and Human Resources Committee, body that monitors matters related to the Management Compensation Policy and HR practices.

In addition, the Bank's management structure counts on an Executive Committee and operating committees, with the participation of the institution's executive leaders.

The Board of Directors is composed of six members, where each shareholder has the same representation (three members each). Each member holds office for a two-year term, and the positions of CEO and Vice-President are annually alternated between both shareholders. The Board of Directors meetings are periodically held to deliberate on strategic issues and track the business performance. With respect to decision-making process, the Board of Directors decisions are made by absolute majority with no "casting vote".

Board of Directors

Banco do Brasil	Position	Votorantim Finanças	Position
Paulo Rogério Caffarelli	Chairman	José Luiz Majolo*	Vice-Chairman
Antonio Mauricio Maurano	Director	Celso Scaramuzza	Director
Alberto Monteiro de Queiroz Neto*	Director	João Carvalho de Miranda	Director

*On approval by the Central Bank of Brazil

Appendix 1 - Balance sheet

BALANCE SHEET | Assets (R$ Million)	Mar.16	Dec.16	Mar.17	Variation % Mar.17/Dec.16	Variation % Mar.17/Mar.16
CURRENT AND LONG-TERM ASSETS	**108,890**	**102,338**	**103,613**	**1.2**	**(4.8)**
Cash and cash equivalents	210	184	170	(7.4)	(19.0)
Interbank funds applied	17,030	17,116	17,932	4.8	5.3
Securities and derivative financial instruments	31,117	28,480	27,012	(5.2)	(13.2)
Derivative financial instruments	2,929	2,685	4,211	56.8	43.8
Interbank accounts or relations	442	341	107	(68.6)	(75.8)
Loan Operations, Leases and Others receivables	48,382	47,398	46,644	(1.6)	(3.6)
Alowance for loan losses	(3,065)	(3,668)	(3,223)	(12.1)	5.2
Tax credit	7,273	7,411	7,486	1.0	2.9
Others	4,572	2,391	3,274	36.9	(28.4)
NON-CURRENTS	**417**	**660**	**552**	**(16.3)**	**32.5**
Investments	216	456	338	(25.8)	56.6
Fixed assets	98	98	95	(3.1)	(3.1)
Intangible and deferred charges	103	106	119	12.0	15.7
TOTAL ASSETS	**109,307**	**102,998**	**104,166**	**1.1**	**(4.7)**

BALANCE SHEET | Liabilities (R$ Million)	Mar.16	Dec.16	Mar.17	Variation % Mar.17/Dec.16	Variation % Mar.17/Mar.16
CURRENT AND LONG-TERM LIABILITIES	**101,186**	**94,535**	**95,778**	**1.3**	**(5.3)**
Deposits	4,491	4,578	7,429	62.3	65.4
Demand deposits	78	88	77	(13.0)	(1.4)
Interbank deposits	2,086	1,997	2,151	7.7	3.1
Time deposits	2,327	2,492	5,202	108.7	123.6
Money market borrowings	36,653	35,673	33,563	(5.9)	(8.4)
Acceptances and endorsements	20,860	21,802	23,154	6.2	11.0
Interbank accounts	35	100	53	(47.2)	51.4
Borrowings and onlendings	7,032	5,203	4,304	(17.3)	(38.8)
Derivative financial instruments	2,776	2,708	4,341	60.3	56.4
Others obligations	29,339	24,471	22,933	(6.3)	(21.8)
Subordinated debts	6,648	6,046	5,987	(1.0)	(9.9)
Credit transactions subject to assignment	16,538	13,756	11,438	(16.9)	(30.8)
Others obligations	6,153	4,669	5,508	18.0	(10.5)
DEFERRED INCOME	**41**	**38**	**30**	**(19.4)**	**(26.6)**
SHAREHOLDERS' EQUITY	**8,080**	**8,426**	**8,358**	**(0.8)**	**3.4**
TOTAL LIABILITIES	**109,307**	**102,998**	**104,166**	**1.1**	**(4.7)**

Appendix 2 - Managerial Statement of Income

INCOME STATEMENT (R$ Million)	1Q16	4Q16	1Q17	Variation (%) 1Q17/4Q16	1Q17/1Q16
Income from financial intermediation	**3,634**	**3,526**	**3,423**	**(2.9)**	**(5.8)**
Loans[1]	2,452	2,335	2,226	(4.7)	(9.2)
Leases	10	5	5	(8.9)	(48.5)
Securities	1,364	1,156	1,180	2.1	(13.4)
Derivative financial instruments	7	(3)	6	(305.8)	(14.5)
Foreign exchange operations	(201)	23	(2)	(108.1)	(99.1)
Income from Compulsory Deposits	3	9	8	(12.9)	161.8
Expenses from financial intermediation	**(2,362)**	**(2,411)**	**(2,270)**	**(5.9)**	**(3.9)**
Money market borrowings	(1,853)	(1,923)	(1,844)	(4.1)	(0.5)
Borrowings and onlendings	263	(79)	(15)	(81.6)	(105.6)
Sale or transfer from financial assets	(771)	(409)	(411)	0.5	(46.7)
Net interest income	**1,273**	**1,114**	**1,153**	**3.5**	**(9.4)**
Allowance for loan losses	(508)	(623)	(368)	(40.9)	(27.5)
Net financial margin	**765**	**492**	**785**	**59.7**	**2.7**
Other operating income/expenses	**(538)**	**(576)**	**(467)**	**(18.9)**	**(13.2)**
Fee Income	257	321	290	(9.8)	13.0
Personnel expenses	(299)	(370)	(245)	(33.8)	(18.1)
Administrative expenses	(257)	(304)	(256)	(15.8)	(0.2)
Tax expenses - ISS, PIS and Cofins	(83)	(95)	(88)	(7.1)	6.6
Equity in income of subsidiaries	43	50	58	16.9	36.9
Other operational income (expenses)	(199)	(179)	(226)	26.5	13.8
Operating income (loss)	**227**	**(84)**	**318**	**(477.0)**	**40.2**
Non-operating income (loss)	**(0)**	**(8)**	**(16)**	**114.8**	**-**
Income (loss) before taxes and contribution	**227**	**(92)**	**302**	**(427.9)**	**33.2**
Provision for income tax and social contribution	(102)	231	(135)	(158.7)	32.3
Profit sharing	(38)	(19)	(39)	102.2	2.6
Net income (loss)	**86**	**119**	**127**	**6.8**	**47.8**

1.Includes income from loan assets assigned with recourse under Resolution 3,533

Appendix 3 - Quality of the Loan Portfolio

Consolidated Loan Portfolio – by level of risk

RISK (R$ Million)	Mar.16[1]			Dec.16			Mar.17		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	4,137	-	8.5%	4,336	-	9.1%	3,688	-	7.9%
A	24,207	120	49.7%	22,172	111	46.6%	21,654	108	46.1%
B	7,526	77	15.5%	7,434	75	15.6%	7,979	80	17.0%
C	8,193	267	16.8%	8,083	247	17.0%	8,508	255	18.1%
D	1,469	164	3.0%	1,734	179	3.6%	1,695	169	3.6%
E	521	160	1.1%	599	181	1.3%	649	195	1.4%
F	423	215	0.9%	477	239	1.0%	416	208	0.9%
G	500	355	1.0%	442	311	0.9%	446	312	1.0%
H	1,686	1,686	3.5%	2,343	2,343	4.9%	1,895	1,895	4.0%
TOTAL	**48,663**	**3,044**	**100.0%**	**47,620**	**3,686**	**100.0%**	**46,931**	**3,222**	**100.0%**
AA-C	**44,063**	**464**	**90.5%**	**42,026**	**433**	**88.3%**	**41,829**	**443**	**89.1%**
D-H	**4,600**	**2,580**	**9.5%**	**5,594**	**3,253**	**11.7%**	**5,102**	**2,779**	**10.9%**

Note: ALL Balance does not consider, in Mar.17, R$ 21M of "generic" credit provision recognized as Liabilities in the "Other" line (Note #18d of 1Q17 Financial Statement)

Wholesale – sectorial concentration

Wholesale - Sectorial concentration	Mar.16		Dec.16		Mar.17	
	R$M	Part.(%)	R$M	Part.(%)	R$M	Part.(%)
Financial Institutions	3,800	17.3%	4,523	21.9%	4,445	22.4%
Sugar and Ethanol	2,033	9.2%	1,831	8.9%	1,996	10.1%
Telecom	1,568	7.1%	1,633	7.9%	1,670	8.4%
Petrochemical	1,558	7.1%	1,395	6.8%	1,541	7.8%
Mining	889	4.0%	891	4.3%	914	4.6%
Retail	1,440	6.5%	1,332	6.5%	911	4.6%
Railways	810	3.7%	723	3.5%	706	3.6%
Agribusiness	908	4.1%	710	3.4%	685	3.5%
Automotive	391	1.8%	539	2.6%	548	2.8%
Eletricity Generation	751	3.4%	542	2.6%	537	2.7%
Government	616	2.8%	525	2.5%	471	2.4%
Oil & Gas	401	1.8%	401	1.9%	401	2.0%
Residential Construction	462	2.1%	416	2.0%	388	2.0%
Electricity Distribution	448	2.0%	419	2.0%	336	1.7%
Pulp and Paper	606	2.8%	355	1.7%	326	1.6%
Road Cargo Transportation	527	2.4%	372	1.8%	306	1.5%
Steel industry	83	0.4%	311	1.5%	289	1.5%
Car rental	221	1.0%	227	1.1%	256	1.3%
Slaughterhouses	292	1.3%	258	1.3%	255	1.3%
Food industry	423	1.9%	245	1.2%	230	1.2%
Other sectors	3,779	17.2%	2,962	14.4%	2,590	13.1%
Total[1]	**22,005**	**100.0%**	**20,614**	**100.0%**	**19,801**	**100.0%**

1. Excludes private securities

Glossary

Earning Assets: reflect the sum of all the assets that generate financial income for the institution. The total return of these assets is included in Income from Financial Intermediation.

Loan portfolio: Loan portfolio accounted for according to the criteria established by Resolution No. 2,682/99 of the National Monetary Council (CMN), including the mark-to-market of loans and leases in compliance with BACEN Circular Letter No. 3,624 (as of Jun.14).

Expanded Credit Portfolio: on balance loan portfolio with the addition of transactions with private securities acquired by the Bank.

Guarantees provided: operations in which the Bank guarantees the financial settlement of contracts.

90-day NPL ratio: indicator that shows the ratio between 90-day NPL and total loans.

Efficiency Ratio (ER): Productivity indicator that expresses the ratio between administrative and personnel expenses (net of labor lawsuits and profit sharing) and the sum of Net Interest Income, Fee Income, Equity in Income of Associated Companies and Subsidiaries, and Other Operating Income/Expenses. The lower the ER, the more "efficient" the institution.

Net Interest Income (NII): difference between income and expenses from financial intermediation considering management reallocations. Represents the result of financial intermediation, before allowance for loan losses expenses.

New NPL Index: The index for calculating delinquency above 90 days, based on the variation of the balance of NPLs past due over 90 days and taking into account the quarter's write-offs to loss, divided by the final portfolio of the previous quarter.

Interest Bearing Liabilities: reflect the sum of all the liabilities that generate financial expense for the institution. The total expenses of these liabilities are included in Expenses from Financial Intermediation.

Reallocations: managerial adjustments made in the Corporate Income Statement with the objective of enabling a better understanding of the business and of the company's performance.

Return on Average Assets (ROAA): Ratio between net income of the period and average total assets of the period. Annualized exponentially.

Return on Average Equity (ROAE): Ratio between net income of the period and the average shareholders' equity of the period. Annualized exponentially.

Average Net-Interest Margin (NIM):